

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6964

BILL NUMBER: HB 1511

NOTE PREPARED: Jan 10, 2015

BILL AMENDED:

SUBJECT: Nursing Facility Restrictions.

FIRST AUTHOR: Rep. Brown T

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill prohibits the Indiana State Department of Health (ISDH) from approving: (1) the licensure of comprehensive care health facilities; (2) new or converted comprehensive care beds; or (3) the certification of new or converted comprehensive care beds for participation in the state Medicaid program; through June 30, 2018. The bill makes exceptions for certain facilities that are: (1) under development; (2) small house health facilities; (3) replacement facilities; (4) continuing care retirement communities; and (5) facilities located in counties whose comprehensive care bed occupancy rate exceeds 90%. It also limits small house facilities to 100 new licensed or Medicaid certified comprehensive care beds per year.

Effective Date: June 30, 2015; July 2, 2015.

Explanation of State Expenditures: *Summary:* This bill puts a moratorium on comprehensive care beds beginning in FY 2016, except in certain instances. If there is an increase in the number of new facilities in FY 2015 because of the moratorium, the workload of the ISDH could increase for a short period of time to license and survey new applicants.

The fiscal impact on Medicaid nursing facility reimbursement is not known at this time.

Additional Information: In an October 2013 report, the FSSA reported that the moratorium on Medicaid certified comprehensive care beds resulted in a statewide decline of over 500 beds during the five years it was in effect. The comprehensive care facility occupancy rate was also reported to be 80.26% during this time.

In December of 2014, there were a total of 527 comprehensive care facilities in the state. The number of licensed beds by certification status is provided in the following table.

Certification	Beds
Medicaid Only	1,307
Medicare Only	6,941
Medicaid & Medicare	42,620
Not Certified/Private	823
Total	51,691

Beginning in FY 2016, only replacement facilities and facilities that were under development before the start of the moratorium could be licensed during this time period. It is not known what impact this moratorium may have on the overall workload on the ISDH and the FSSA.

Any increase in the number of facilities will impact the ongoing work of the ISDH's Division of Long Term Care due to the accompanying increase in the number of surveys and administrative duties in support of the licensing program.

Explanation of State Revenues: *Summary:* This bill could increase General Fund revenue from nursing facility plan review fees during FY 2015 and FY 2016. Increases in revenue will depend on how many comprehensive care facility applications are received during FY 2015 in order to qualify as "under development".

Additional Information: Nursing facility plan review fees are \$150, and annual health facility license fees are \$200 for the first 50 beds and \$10 for each additional bed thereafter. Revenue received from these fees is deposited in the General Fund. Beginning in FY 2016, it is expected the state would receive revenue from these fees from facilities who were designated as under development by the end of FY 2015 and any other facilities who are eligible under one of the exempted categories in the bill. It is not known what impact the moratorium on comprehensive care facilities will have on revenue from plan review fees.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: ISDH, FSSA.

Local Agencies Affected:

Information Sources: Joey Fox, ISDH; Grant Krevda, FSSA; Five-Year Plan to Reduce the Number of Medicaid Certified Comprehensive Care Beds, FSSA Report to Health Finance Commission, October 31, 2013.

Fiscal Analyst: Bill Brumbach, 232-9559.